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## Malaysia

## Dairy and Products

## Annual

## 2002

Approved by:

**Bonnie Borris**

**U.S. Embassy, Kuala Lumpur**

Prepared by:

JChang

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### Report Highlights:

**Malaysia relies heavily on dairy imports for its dairy products industry. New Zealand and Australia are the major suppliers in Malaysia. Limited opportunities exist for US to supply full cream milk powder, skim powder and whey powder.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Kuala Lumpur [MY1], MY

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## **Executive Summary**

Malaysia relies heavily on imports for its dairy needs. The local dairy industry does not produce sufficient quantities of fresh fluid milk to satisfy Malaysia's fresh milk needs. Fresh fluid milk is substituted with reconstituted fluid milk and other milk products. Ingredients such as skimmed milk powder, whole milk powder and whey needed to produce condensed milk and other milk products are imported mainly from Australia and New Zealand.

## **Production**

In recent years, despite the various attempts by the GOM, as well as the private sector, to expand the dairy industry, it has remained small. Major factors limiting its development include low lactation and reproduction performance, the hostile tropical weather condition, high cost for quality feed and lack of trained personnel for farm management. Investment in the dairy industry is still considered to be a risky business and the prospect for future growth is not bright at all. Milk production is expected to show insignificant growth in the near future.

## **Competition**

Malaysia remains heavily dependent on dairy imports, such as powdered milk for its dairy product industry and finished products such as cheese and butter. In 2001, Malaysia imported about 56,636 metric tons of nonfat dry milk. In this category, New Zealand led with 21,982 tons, followed by Australia with 14,637 tons. Imports from the US of nonfat dry milk increased more than 100% in volume. However, the volume is still insignificant compared to imports from New Zealand and Australia in the same period. Imports of whole milk powder amounted to 80,250 tons, of which about 43,159 tons supplied were by New Zealand, followed by Australia with 20,496 tons.

The major dairy items produced in Malaysia are powdered milk (full cream, skimmed and infant formula), sweetened condensed milk, evaporated milk, liquid milk and milk drinks (fresh, ultrahigh temperature, pasteurized and homogenized), yogurt and ice cream. The milk products are locally produced by reconstituting and blending of imported milk powder (skim and whole), whey and other ingredients. Most infant formula is imported and packed locally except for a local brand, Nestle's Lactogen, which is manufactured in Malaysia.

The industry is willing to import dairy ingredients from any source as long as the price is competitive and the quality is good.

The market for finished dairy products for consumers is relatively small and is very brand-loyal. There are few prospects for imports and sales of U.S. branded milk products directly to consumers. It is also very costly to build the name of a new brand, particularly with the established competition. U.S. products are likely to be significantly more expensive due to freight costs.

## **Policy**

No duty is imposed on imports of nonfat dry milk, whole milk powder and dried whey. Butter attracts 2% duty and sales tax of 5%. Duties incurred for cheese (grated cheese, processed cheese and blue-veined) are between 5-10% with sales tax of 5%. An import license issued by the Department of Veterinary Services and Ministry of International Trade and Industry is also necessary for consignments of dairy products entering into Malaysia.

**Dry Whole Milk Powder: PSD**

PSD Table						
Country	Malaysia					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	18	80	20	82	0	84
TOTAL Imports	18	80	20	82	0	84
TOTAL SUPPLY	18	80	20	82	0	84
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	18	80	20	82	0	84
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	18	80	20	82	0	84
TOTAL Use	18	80	20	82	0	84
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	18	80	20	82	0	84
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

**Dry Whole Milk Powder : Import Trade Matrix**

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	2000		2001
U.S.	176	U.S.	1338
Others		Others	
New Zealand	38530	New Zealand	43159
Australia	14064	Australia	20496
Netherlands	2851	Netherlands	6302
Denmark	1803	Germany	3218
Ireland	739	Ireland	1364
Japan	613	Denmark	1331
Germany	451	Switzerland	622
Switzerland	374	Spain	413
France	350	Philippines	376
Spain	267	France	291
Total for Others	60042		77572
Others not Listed	357		1340
Grand Total	60575		80250

**Milk, Non-Fat Dry: PDS**

PSD Table						
Country	Malaysia					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	77	57	80	59	0	61
TOTAL Imports	77	57	80	59	0	61
TOTAL SUPPLY	77	57	80	59	0	61
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	77	57	80	59	0	61
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	77	57	80	59	0	61
TOTAL Use	77	57	80	59	0	61
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	77	57	80	59	0	61
Calendar Yr. Imp. from U.S.	3	7	3	6	0	6
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

**Milk, Non-Fat Dry : Import Trade Matrix**

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	2000		2001
U.S.	1916	U.S.	5982
Others		Others	
Germany	6161	New Zealand	21982
Netherlands	4426	Australia	14637
Australia	4208	Germany	3452
Belgium	2044	Netherlands	1655
Ireland	1905	France	1030
France	987	Belgium	629
Finland	982	Iran	200
United Kingdom	581	Ireland	147
Switzerland	575	Ukraine	130
Sweden	450	Sweden	125
Total for Others	22319		43987
Others not Listed	5001		6667
Grand Total	29236		56636